



Housing Market Time Travel



How to Market

- In order to market to tomorrows homebuyer you must fully understand what they have gone through and what they may be willing (and not willing) to go through to own a home....
- This works for first time and returning homebuyers

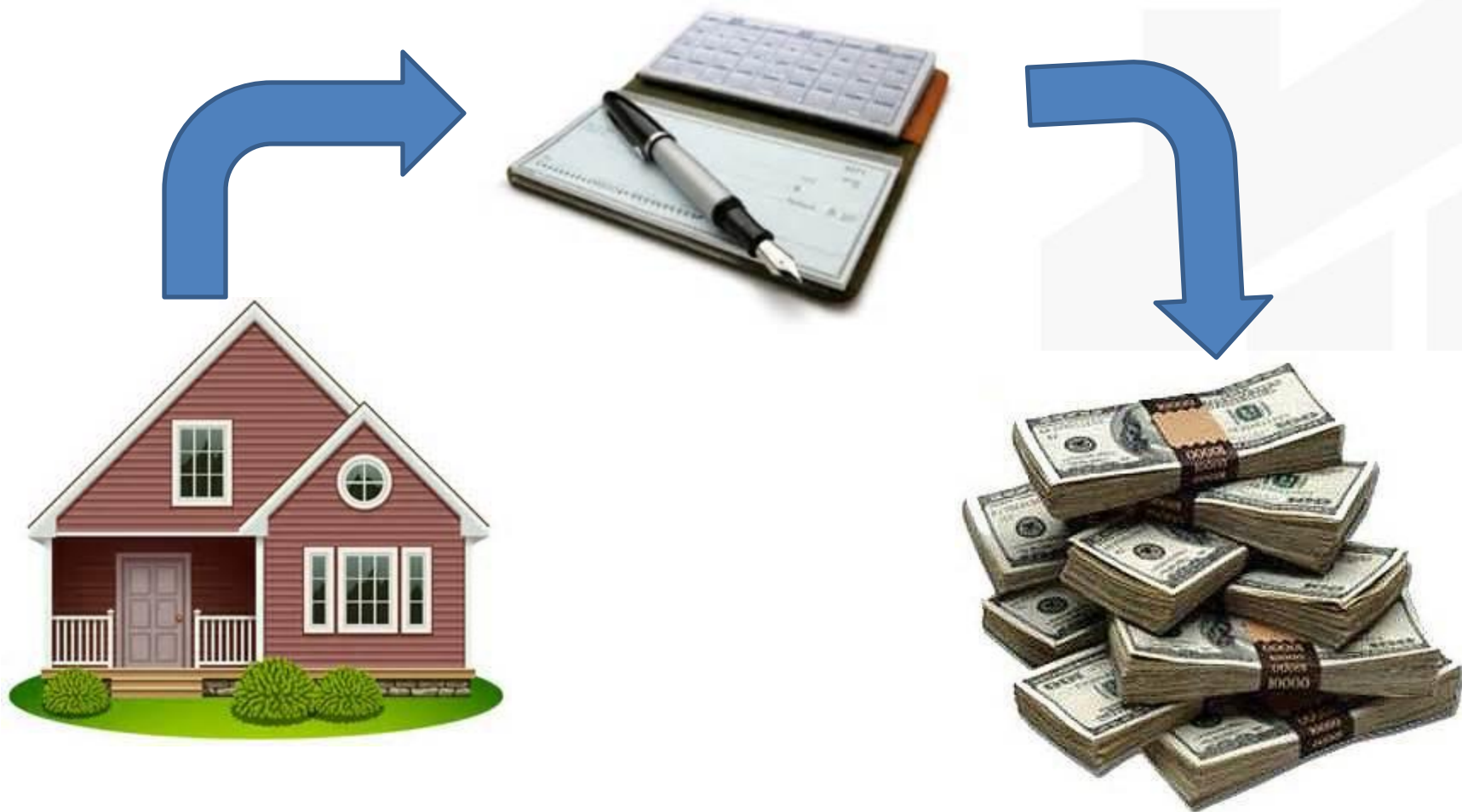


Travel back in time

pre -crash



Houses were used like checkbooks



Housing Bubble

- Tax reform Act of 1986 repealed credit card interest deductions, so HELOC's were created.**
- Mortgage lending requirements were deregulated throughout the 1990's**
- Subprime mortgages amounted to \$35 billion (5% of total originations) in 1994, 9% in 1996, \$160 billion (13%) in 1999, and \$600 billion (20%) in 2006**
- New Construction and Resale prices continued to climb at an alarming pace**

2007-2012



- Job Loss
- Property Values declined overnight and continued to drop monthly
- Economic Uncertainty
- Delinquencies skyrocketed
- Foreclosures were at an all time high

2013- Common sense makes a comeback





America Re-evaluated

- 1) Saving money once again
- 2) Unemployment has decreased
- 3) Spending is starting to increase in several areas
 - 3) Retail
 - 4) Auto purchases
 - 5) GDP
- 4) Homebuyers are beginning to test the water
- 5) New construction is commencing

The Future of Housing Market



Marketing is Different Now

- 3 Types of homebuyers
 - First timers
 - Fence sitters
 - Boomerangs



BUILD IT /LIST IT AND IT WILL SELL- NO LONGER APPLIES

First Timer

- This homebuyer has lived through the greatest economic crisis of their lifetime as a Renter.
- This homebuyer comes to the table with a lot of reservation.
 - Watched the housing crisis
 - Family, friends, or coworkers may have felt the effects of a foreclosure, short sale or delinquency first hand
 - Don't trust banks/lenders- have watched banks get sued/ receive sanctions for their lending tactics that lead to the crisis

Fence Sitter

- This homebuyer has wanted to buy a home but due to several factors including FEAR they have not jumped in.
- Examples:
 - Client 1- could have sat and watched the decline of values and was never sure it hit bottom
 - Client 2- Could own a home and wish to sell but have been reluctant to purchase again

Boomerang

- Previous homeowner that lost their home due to foreclosure, short sale, and/or bankruptcy.
- This client wishes to own a home again but is very unsure
 - Doesn't trust the system
 - Doesn't know where to start
 - Doesn't even know if it is possible





Credit Challenges



Credit Issues

- Remember Credit Problems can appear within all 3 homebuyer types
 - Have a network in place to work with clients to get them lender ready
 - The earlier the better
 - Housing Counselors also work with credit, budgeting, and finance

Special Circumstance: Boomerang Credit Criteria

- FHA will look at a homebuyer 3 years after a foreclosure /short sale incident.
 - A down payment will be required 3.5%
 - Satisfactory credit scores- credit must recover
 - However if the loan that was foreclosed was an FHA or VA the borrower must repay the government for any shortfall prior to being eligible for another FHA loan
 - (CAIVRS system)
- Conventional can take much longer (5-7 yrs)



Marketing Tips



Prior to placing the home on the market

- Exterior
 - Drive by the home during the day & evening
 - Mow grass/ trim shrubs
 - Fix broken fence posts/ mail boxes/ etc
 - Create an inviting front door
- Interior
 - Repair all major renovation items required
 - Spruce up the home
 - Remove any cobwebs /dirt in windows/ doors/ ceiling corners
 - Clean carpets/vacuum/mop floors

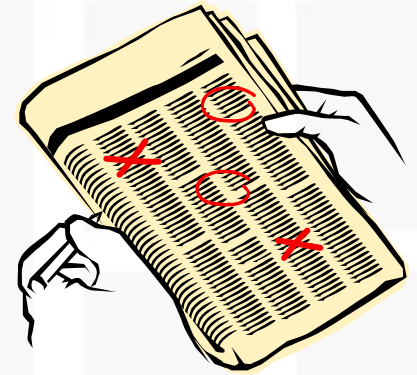
Internet

- Your Website
- Face book Page
- Trulia
- Zillow
- YouTube
- Vimeo
- Partner's website
- Banner running on local government site



Sample Ad

- For Sale by Owner- 3 bedroom / 1.5 bath/
renovated, DPA/ CC \$95,000.00 Call Virginia non
profit 555-123-4567



Sample Ad- the Right Way

- Your Dream Home Awaits, beautiful 3 bedroom, 1.5 bath single level home on a quiet street. This home has been fully renovated to include: new roof, new windows, new hvac, new kitchen, and new flooring. Virginia nonprofit is selling this home through a special program that offers down payment assistance & closing costs help.
- Call today to learn more-555-123-4567.

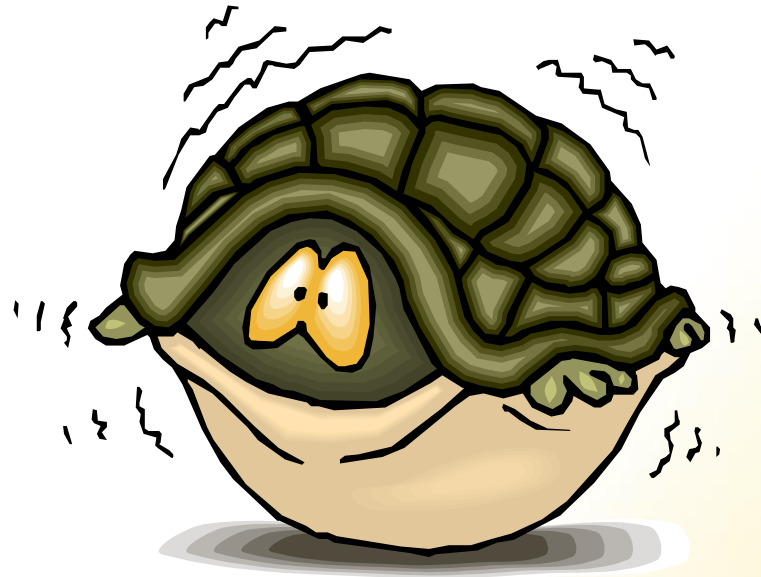


Outreach

- Local lenders
- Local Realtors
- Referral's by neighbors
- Referral's by current homeowners within program
- Housing Counselors
- HR Departments of large employers
- County/City/Town Employees
- School Employees (PTA flyers)



Fear of Homeownership



Discuss their fears

- Sales Price – Sticker Shock
 - Provide in writing their new payment vs. rent
 - Layout any leverage/ DPA that may be available
 - Refer them to someone who can discuss tax advantages
- Monthly payment – comfort level
 - Homebuyer Education Classes teach comfort level
 - Pre approval through lender of their choice

Discuss their fears

- Home Quality/Safety
 - Discuss improvements to renovated home
 - Discuss perks of new construction
 - Provide information in writing concerning home warranty
 - Be prepared to handhold borrowers and walk them through property numerous times
 - Provide manuals for new mechanicals/appliances



Questions

